

**DEPARTMENT OF STATE REVENUE**

**LETTER OF FINDINGS NUMBER: 98-0308P**

**Gross Income Tax  
Calendar Year 1995**

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**ISSUE(S)**

I. **Tax Administration** – Penalty

**Authority:** IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

**STATEMENT OF FACTS**

Taxpayer, incorporated in Delaware on February 9, 1995 was audited for calendar 1995 and partial year 1996. Upon audit it was discovered that the taxpayer failed to report its service receipts in high rate income for 1995. It reported those sales in low rate income. No other adjustments were made in the audit report.

Taxpayer requests that the department waive the negligence penalty.

I. **Tax Administration** – Penalty

**DISCUSSION**

Taxpayer was assessed a negligence penalty because it failed to report gross income at the high rate of tax in 1995.

Taxpayer, in a letter dated May 4, 1998 protested penalties assessed and states that it puts forth a good faith effort to file properly in all tax jurisdictions and does not intentionally disregard the laws and regulations of Indiana or any other jurisdiction.

The department agrees that the taxpayer did not intentionally disregard the laws and regulations of Indiana but finds that the taxpayer was negligent in failing to remit the proper amount of tax at the

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correct rate. The assessment consisted of over fifty percent (50%) tax due.

The taxpayer did not show reasonable cause to allow the department to waive the penalty.

**FINDING**

Taxpayer's protest is denied.